



FOR IMMEDIATE RELEASE  
Friday, February 24, 2006

*Office of the United States Attorney  
District of Arizona*

For Information Contact Public Affairs  
SANDY RAYNOR  
Telephone: (602) 514-7625  
Cell: (602) 525-2681

## **SIX INDICTED IN PONZI SCHEME OPERATED THROUGH AN UNREGULATED PRIVATE "BANK"**

PHOENIX -- A federal grand jury here returned a 13-count indictment against six defendants for their alleged participation in a ponzi scheme that induced people to deposit more than \$67 million dollars in unsecured and unprotected investments. The six defendants are: Edward James Driving Hawk, Sr., 70, of Chandler, Ariz.; John Mack Adams, 58, of Mundelein, Ill.; Edmund J. Smedley, 69, of Harrison, Ohio; William Joseph Herisko, 72, of Palm Springs, Calif.; Kenneth Samuel Harrison, 54, of Houston, Texas; and Thomas Thurlow Emerton, III, 56, of New Port Richey, Fla. The defendants are charged with Mail and Wire Fraud and Conspiracy, Securities Fraud, and Promotional Money Laundering and Conspiracy.

"The defendants lured investors by holding themselves out to be a 'bank and trust.' They were neither," stated U.S. Attorney Paul K. Charlton. "Just because a company calls itself a bank does not mean that investments deposited by consumers will be protected from fraud and other loss. We will continue to prosecute companies and their principals who engage in fraudulent misrepresentations that leave retirement and investment savings at risk."

The indictment alleges that from September 2000 through March 2002, Driving Hawk, Adams and Smedley took in depositor funds through U.S. Reservation Bank and Trust (USRBT). USRBT promoted itself as a bank "owned and managed by Indians for Indians," which provided insurance on depositor funds "vastly superior" to federal depositor insurance. In reality, as the indictment alleges, the company was neither licensed nor regulated by any state or federal banking regulator. Its only meaningful tie to an Indian Reservation consisted of a mail drop on the Rosebud Sioux Reservation in South Dakota. Depositor funds were not insured by either private or federal insurance.

During the same time period, Herisko, Harrison and Emerton were principals in Global Link Capital Markets, Ltd. (Global Link). Global Link and its principals solicited individual and corporate investors to participate in the USRBT "high-yield" investment program. The defendants used investor deposits to pay themselves salaries and commissions.

Special Agent in Charge Jana D. Monroe of the FBI, Phoenix Division, stated, "Criminal activity such as this high yield investment fraud not only victimizes individuals, but legitimate investment bankers and our nation's economy. This victory is also due to assistance provided by U.S. Immigration and Customs Enforcement."

In February 2002 agents from U.S. Immigration and Customs Enforcement seized over \$20 million from a USRBT bank account in Arizona. Following the seizure, the Securities and Exchange

-MORE-

Commission commenced a civil action seeking court intervention to dispose of the seized funds and to disgorge profits earned by the principals in the scheme.

The indictment was unsealed following the arrest of John Adams and his initial appearance before a magistrate in Chicago on Tuesday, February 21, 2006. Adams was temporarily detained until Thursday, February 23, 2006, and was subsequently released upon surrender of his passport. Summonses will be served to the remaining defendants for their arraignment in Federal District Court in Phoenix on Wednesday, March 8, 2006.

A conviction for the overall ponzi conspiracy carries a maximum penalty of five years in prison, a \$250,000 fine or both, while a conviction for the underlying mail and wire fraud counts each carry a maximum penalty of 20 years in prison, a \$250,000 fine or both. A conviction for securities fraud carries a maximum penalty of 20 years in prison, a \$5,000,000 fine or both, while a conviction for money laundering and a money laundering conspiracy carries a maximum penalty of 20 years in prison, the greater of \$500,000 or twice the value of the property involved, or both imprisonment and fine. In determining an actual sentence, Judge Roslyn O. Silver will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the FBI and U.S. Immigration and Customs Enforcement. The prosecution is being handled by Gary M. Restaino, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-06-0181-PHX-ROS  
RELEASE NUMBER: 2006-032(Driving Hawk, et al)

# # #